

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 119 – SB 159

March 6, 2017

SUMMARY OF ORIGINAL BILL: Removes certain exemptions from governance of certain utilities and authorities by the Utility Management Review Board (UMRB) and the Water and Wastewater Financing Board (WWFB) within the Comptroller of the Treasury (COT). Authorizes utilities providing natural gas to sell natural gas appliances and heating systems to its customers.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – Due to multiple unknown factors, a precise impact to local government cannot reasonably be determined; however any impact to local government is considered permissive. Any impact to state government is not significant.

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004589): Deletes and rewrites language of the bill such that the only substantive change specifies that required notice provided to customers of the utility district regarding the new issuance of bonds which would require a rate increase is satisfied by the utility district filing a copy of a resolution and a statement is filed with the COT pursuant to Tenn. Code Ann. § 7-82-501(c).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The proposed language would place previously exempted utilities under the purview of the UMRB and WWFB for operations such as customer rate reviews, providing of uniform accounting manuals, and promulgation of rules and regulations of audits.

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- Based on information provided by the COT, no additional staff will be required; therefore; and increase to state expenditures is considered not significant.
- Previously exempted utilities will now have certain powers which were granted to other utilities such as compensation of board members, establishment of rules, regulations, and bylaws.
- Utilities will be required to provide notice to its customers prior to buying bonds which would result in a rate increase to its customers.
- Pursuant to Tenn. Code Ann. 7-82-501(c), no bond or note may be issued until a resolution authorizing the issuance of bonds or notes and a statement showing in detail the total outstanding bonds, notes, warrants, refunding bonds, and other evidences of indebtedness of the utility is submitted to the COT.
- The amendatory language would specify that the required notice to utility customers would be satisfied by the filing of such documents with the COT; therefore any increase to local government expenditures for such notice is considered not significant.
- Natural gas utilities are authorized to sell natural gas appliances and heating systems to their customers and provide financing incentive plans for payments of such appliances.
- According to information provided by the Tennessee Association of Utility Districts, the proposed amendatory language is codifying the current practice of natural gas utilities.
- Due to multiple unknown factors such as how many previously exempted utilities will opt to pay board members and the extent of any compensation, a precise impact to local government cannot reasonably be determined; however any impact is considered permissive.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

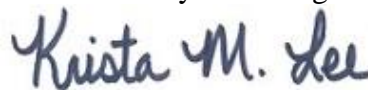
Unchanged from the original fiscal note.

Assumption for the bill as amended:

- The proposed amendatory language is applicable to public utilities and codifying current practice by utilities providing natural gas; therefore any impact to commerce or jobs within Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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